ACORE Provides $132M Loan for Cali Student Housing Building

ACORE Capital has closed a $131.7 first mortgage for the ground-up construction of The Graduate—a 19-story student housing building in San Jose, Calif., Commercial Observer can first report. The loan, which has a 60-month term and closed on Dec. 8, was made to AMCAL Swenson, a joint venture of San Jose-based development firm Swenson and Los Angeles-based residential developer AMCAL Equities. The financing was arranged by Alison Company.

EXCLUSIVE

The Class-A, L-shaped property at 90 East San Carlos Street will sit on a 1.45-acre site located one block from the main entrance to San Jose State University. In addition to housing 1,039 students across 260 furnished apartments in its top 17 floors, the building will include 14,750 square feet of retail space, a four-level parking garage, an amenity deck and a pool. The Graduate is located between the San Jose State University campus and San Jose's

EXCLUSIVE

Tavros Development Partners and Charney Construction and Development have nabbed a $150 million construction loan from Square Mile Capital Management for The Dime, a mixed-use development in South Williamsburg, Brooklyn, according to an announcement from the lender this week.

The 340,000-square-foot project at 263 South 5th Street, which will incorporate a building that was the original home of the Dime Savings Bank of Williamsburgh, will comprise a 22-story tower with 177 rental apartments, 100,000 square feet of office space and 55,000 square feet of retail space.

"This transaction provides us the opportunity to partner with two prominent New York developers on an exciting, market-leading project," Sean Reimer, a vice president at Square Mile, said in prepared remarks. "The Dime is well positioned to capitalize on the growing demand in Williamsburg for quality space with convenient access to transportation. The

EXCLUSIVE

Square Mile Lends $150M on The Dime Development in Williamsburg

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EXCLUSIVE

The Graduate in San Jose, Calif.
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ON ITS LANDMARK $1.8 BILLION ACQUISITION OF THE BEACON PORTFOLIO

ACQUISITION FINANCING $1.4 BILLION

25 PROPERTIES TOTALING 9,677 RESIDENTIAL UNITS
LOCATED IN THE D.C. METRO AREA, PENNSYLVANIA, MARYLAND, ILLINOIS, MASSACHUSETTS AND NEW JERSEY
SoFA District—the principal arts and entertainment area, stretching along South First Street between San Carlos and Reed Streets. “The Graduate will serve as a significant bridge between campus and the SoFA District as well as the surrounding urban amenities of downtown,” Case Swenson, the president of Swenson, said in an announcement at the time of the project’s groundbreaking in October.

The Graduate’s construction is expected to be completed in 2020. It’s been a busy year for ACORE Capital with the nonbank lender closing deals from coast to coast. In September, it closed a $63 million loan to Dr. Kiran Patel for the acquisition and renovation of Cheyenne Mountain Resort in Colorado Springs, Colo., as well as a $73.4 million financing for the redevelopment of 163 Varick Street in New York City. A month earlier, it provided a $121 million loan—which included a senior loan and a mezzanine portion—to developer Sterling Bay for its purchase of a vacant building in Chicago’s West Loop area.

AMCAL and ACORE officials weren’t available for comment by press time.—Cathy Cunningham
Square Mile Capital Management has provided a $118 million loan to The Moinian Group and SMA Equities for Renaissance Tower—a 1.7-million-square-foot office building in Downtown Dallas.

Square Mile brought in Bank of the Ozarks to take a senior portion of the loan, which will be used to repay an existing CMBS loan on the property and bridge the asset through stabilization.

HFF’s Whitaker Johnson and Steve Heldenfels arranged the financing on the dazzling tower, outside shots of which depicted the fictional home of Ewing Oil in the 1980s television series Dallas.

SMA Equities and The Moinian Group have owned the building since 2006. The previous loan was securitized in the Wachovia Bank-sponsored WBCMT 2006-C29 CMBS deal and split into a $64.5 million A-note and a $64.5 million B-note.

One of the tallest buildings in Downtown Dallas, Renaissance Tower sits in Dallas’ Central Business District. Its tenants include Hilltop Securities, Neiman Marcus Group, Dallas County and EY.

The Environmental Protection Agency also recently signed a 20-year lease for 229,000 square feet at the property, and the tenant is scheduled to move in December 2018.

“We are excited to establish a lending relationship with SMA Equities and The Moinian Group on this transaction,” Square Mile Principal Matthew Drummond said in prepared remarks. “As Downtown Dallas continues to benefit from additional redevelopment and as evidenced by the recent signing of the EPA lease, Renaissance Tower is well positioned as a cost-effective alternative to other high-quality office buildings located in submarkets such as Uptown and Plano.”

“We received extremely competitive financing packages from multiple sources but ultimately closed with Bank of the Ozarks and Square Mile,” a spokeswoman for The Moinian Group told CO. “The terms gave us the flexibility we required to complete lease up of our Class-A office tower.” —C.C.
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Natixis Continues Denver Push With $66M Construction Financing

Natixis has provided a $50 million construction loan and arranged $16.2 million in preferred equity for Sherman Associates’ Westminster Town Square—a 255-unit Class-A multifamily complex with ground-floor retail in Westminster, Colo., the lender announced.

The deal is part of a bigger push into the greater Denver market for the French bank, which continues to seek opportunities in the area.

“Natixis is targeting markets such as Denver with strong demographic trends, positive employment growth and favorable business climates,” Greg Murphy, Natixis’ head of real estate finance for the Americas, explained in prepared remarks.

The sentiment was echoed by David Perlman, a director at Natixis, at a panel discussion during Commercial Observer’s Financing Commercial Real Estate Forum in Washington, D.C., in September. Perlman said that Natixis has been increasing its exposure to Denver, citing strong fundamentals driven by a growing millennial population that has flocked to the Colorado capital and its surrounding areas.

Minneapolis-based developer Sherman Associates specializes in the construction of commercial and housing properties in Minnesota, Wisconsin, Iowa, Missouri and Colorado.

The Westminster project is part of a larger 105-acre mixed-use redevelopment of the former Westminster Mall. The project includes a five-story apartment building with a three-level parking garage containing 386 parking spaces and 24,770 square feet of ground-floor commercial space. Property amenities include a rooftop area, a pool and spa, a clubhouse, a fitness center, a car and pet wash, a bike repair and a golf simulator room.

According to Sherman Associates’ website, Westminster is currently experiencing rapid development with an estimated influx of 4,500 new residents in the city’s 2,300 new residential units, 8,000 new workers, 1 million square feet of new office space and 700,000 square feet of retail space within the city’s new 105-acre urban center.

Denver may be one of Natixis’ preferred markets, but the lender isn’t playing favorites and has been actively closing deals across the U.S. In September, it led a $125 million construction loan for Madison Marquette’s One Light Street development in Baltimore; in October, it provided a $266 million acquisition loan for TriStar Capital and RFR Holding’s purchase of Centre 425 in Bellevue, Wash., and in November it provided $105 million in bridge financing for Preylock Real Estate Holdings’ acquisition of seven triple-net leased office properties in Santa Clara, Calif., as well as a $105 million loan for Melohn Properties’ 111 West Jackson Boulevard in Chicago’s Central Loop.

And the lender hasn’t been letting the grass grow under its feet in New York City either. Most recently, Natixis closed a $160 million refinance of Wolfson Group’s One State Street Plaza and co-led a $475 million refinance of RFR Holdings’ 285 Madison Avenue with KTB Asset Management.

A spokeswoman for Sherman Associates did not return a request for comment before publication.—C.C.

CIT Lends $35M on Creative Office Building in Oakland

CIT Bank provided $35 million to New York-based real estate owner and operator Brickman to finance the acquisition and upgrading of Plaza 360, a creative office building at 360 22nd Street in Oakland, Calif.

The five-year, nonrecourse, floating-rate loan was arranged by New York-based brokerage HFF.

Loan proceeds were used to acquire the property with a portion of the undisbursed funds going toward common area upgrades and tenant improvements.

“Plaza 360 is located in Oakland’s Uptown District, a prime spot close to restaurants, shops and several transportation options,” Matt Galligan, the president of CIT’s real estate finance division, said in prepared remarks. “This transaction is the first with Brickman and demonstrates our effort to provide secure financing that maximizes value for developers.”

Built in 1957, the 115,186-square-foot property includes ground level retail space and has a large pool of tenants, including the United States Social Security Administration, according to property tenant information from CompStak.

“Plaza 360 is perfectly situated to allow Brickman to execute on its highly successful Bay Area, value-add office repositioning strategy,” said Peter Smyslowski, a senior managing director at HFF.

In August, The Registry reported that the owner-operator had acquired Plaza 360 for $4.4 million from White Plains, N.Y.-based True North Management Group.

Officials at Brickman could not be reached for comment.—M.B.
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Ilan Investments Scores $36M in Bridge Financing for Houston-Area Apartments

Greystone has provided a $36.4 million bridge loan for Ilan Investments’ purchase of an apartment complex north of Houston, Commercial Observer can exclusively report.

The two-year, floating-rate loan includes options for two six-month extensions, according to a statement from the lender. Greystone officials declined to provide the total purchase price.

The development, known as Parkside Place, comprises 384 units spanning 13 buildings at 6220 Farm to Market 2920 in Spring, Texas—about 25 miles away from Houston’s city center in northern Harris County.

“Parkside Place is one of the nicest communities and provides some of the highest luxury living in the Spring marketplace,” Donny Rosenberg, a Greystone managing director, said in a statement. “Ilan Investments has been one of the strongest buyers in Houston, taking advantage of the dislocation in the marketplace, and we’re proud to be partners with them on this acquisition.”

The complex will be managed by Ilan, a subsidiary of Adara Communities, and was 90 percent occupied at the time of the sale, according to Greystone.

“Greystone has proven to be a valuable partner in our acquisition and long-term finance strategy,” Charlie Yalamanchili, the president and CEO of Ilan Investments, said in prepared remarks. “In an environment where there are so many moving pieces, it’s great to have them as a constant and a predictable source of capital. We are thrilled with this acquisition and look forward to continue to grow in Houston and its surrounding markets.”

Representatives for Adara did not respond to a request for comment before press time.—M.G.

Rael Development Nabs $55M Construction Loan for Palm Springs Hyatt

HALL Structured Finance (HSF) has signed off on a $55 million construction loan for a hotel to be built in Palm Springs, Calif., according to an announcement by the lender on Tuesday.

The development, known as Parkside Place, comprises 384 units spanning 13 buildings at 6220 Farm to Market 2920 in Spring, Texas—about 25 miles away from Houston’s city center in northern Harris County.

“Parkside Place is one of the nicest communities and provides some of the highest luxury living in the Spring marketplace,” Donny Rosenberg, a Greystone managing director, said in a statement. “Ilan Investments has been one of the strongest buyers in Houston, taking advantage of the dislocation in the marketplace, and we’re proud to be partners with them on this acquisition.”

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The Takeaway

**CMBS New-Issue Market Thrives, Horizontal Risk Retention Structure Takes Lead**

“After issuance fell short of expectations in 2016, market watchers were curious how the new-issue market would fare once risk retention became official on New Year’s Day 2017,” said Sean Barrie, an analyst at Trepp. “With 11 months in the books, 2017 issuance has already surpassed last year’s total, and there could still be more before year’s end once issuers clear some inventory out of their pipelines. Just less than 2,500 domestic, private-label CMBS loans have been issued in 2017 for a total of $78.2 billion. Once again, conduit loans have taken up the lion’s share of the total with $42.3 billion in debt. However, single-asset securitizations continue to command a larger piece of the pie, with that type receiving $32 billion in new debt so far this year. In regards to risk retention requirements, the horizontal structure ($34 billion) has edged out the vertical holding ($31.3 billion) in 2017 year-to-date. The office sector leads all property types with $23.2 billion in new issuance, thanks to the refinancing of Chicago’s Willis Tower ($1.05 billion) and San Francisco’s One Market Plaza.”

Source: Trepp

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<tr>
<th>Metropolitan Statistical Area</th>
<th>Loan Count</th>
<th>Securitization Balance</th>
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<tr>
<td>New York City, N.Y.-N.J.</td>
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Ira Zlotowitz
President and CEO of Eastern Union Funding

Commercial Observer: How was the bottom line this year?
Ira Zlotowitz: This year we should be up about 10 percent from last year, which is a pretty impressive number when the market is flat, and you’re reading articles saying that everything is flat or has gone down.

So you’re saying you’re able to outperform the market?
They say that many people in real estate follow a herd mentality. I would rather try to be innovative and ahead of the curve and try to lead. Sometimes you lead too far in advance, and then you turn around and no one’s behind you.

You’ve built Eastern Union from a two-person shop to a company that employs about 120. How did you decide on the organization of the firm?
I found an expert in every segment of the business, and I built a team around that person. Now, when a broker brings in a deal, he runs it, but he [may] need assistance for steps two and seven. Instead of just winging it, he now has an expert in two and an expert in seven. Another broker needs help in three and five—so he has assistance in three and five.

It sounds like you prioritize giving your brokers extensive resources, even at great expense.
Correct. I’m very into data analytics. I track every move the company makes and who’s the best out of every department. I use it as a teaching thing. That’s one place we keep getting better. At the same time, we help brokers to spend less time on opportunities that don’t come through because they have better support and technology helping them.

And that’s translating into results?
Analysts are working smarter, and the conversion rates are getting better.

As the company grows, what have you had to learn as a manager?
A very big strength of mine is delegation. I delegate before the need to delegate. Most people delegate when their days are full. You delegate so you can take on more work. Some days, even if I had nothing else to do, I would delegate so that when something came my way, I’m available.

What kinds of people do you like to hire?
I hire potential. I hire someone with a drive and heart and a willingness to do the work it takes to succeed. Once I find the right potential, I invest. My biggest competitors, all they do is look to poach my staff. “If Ira trained the person, they’re great anywhere,” [they think]. I look for people who will be very happy in what they do.

It sounds like you’re endlessly introspective about how the company is doing. Do you apply that way of thinking to your personal life, too?
Growing up as an Orthodox Jew, I believe that everything comes from God, and you want to make sure you’re doing the mission of God. You always reflect back and ask yourself, If you step off course, how do you get back on?

What are your projections for Eastern Union in 2018?
From my end of it, I feel like, based on all these initiatives including our new bridge financing department and the broker affiliate division, I’m really gearing up to double market share next year. If the market does the same amount of business [overall], I’m hoping to do $7 billion or $8 billion next year. I’m very optimistic about the company’s prospects, and I think we’re really just getting started.